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Cash Salary Payments Could Be Eliminated

By The Moscow Times

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A Finance Ministry working group has prepared legislation that will require employers and stores to phase out cash transactions.

Payment of wages in cash would be forbidden and stores would be forced to install credit-card terminals if legislation being developed by the Finance Ministry is implemented, Vedomosti reported.

A Finance Ministry working group has now prepared legislation that will require employers and stores to phase out cash transactions. In January, Finance Minister Anton Siluanov proposed to implement the "regulatory legal framework" for noncash payments.

Exceptions would be made in the law for small businesses with less than 35 employees and businesses in remote locations.

Legislation requiring stores to accept credit cards would exclude those that don't use cash

registers and those with annual revenues of less than 2 million rubles ($65,000).

The proposed rules would take effect in 2013, though stores would be given a transition period to comply.

Bank or credit cards currently account for about 30 percent of transactions, and use is increasing, Fashion Continent financial director Sergei Kutsenko told Vedomosti.

Banks charge vendors 1.5 percent or more of the purchase price for each card transaction, so working with cash is more profitable for most businesses, said Lavrenty Gubin, a spokesman for retailer Dixy Group. The comparable European Union rate is 0.5 percent.

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